

## Too Many Tires Leads to Lawsuit for URS and its Subcontractor

Written by Nick Sanders

Wednesday, 09 September 2015 00:00

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Well, this is awkward.

The Department of Justice recently [announced](#) that it had filed a lawsuit that alleged violations of the False Claims Act by URS Federal Services, Inc. and its subcontractor, Yang Enterprises, Inc., with respect to billings under URS' contract with NASA for facility operations maintenance and support at Kennedy Space Center.



URS, which is now an AECOM company, provides “engineering services and critical technical support to virtually every federal agency, including the Departments of Defense, Energy, State and Homeland Security, as well as NASA, the Intelligence Community and the Environmental Protection Agency.” URS supports the Kennedy Space Center through the KSC Institutional Services Contract, in which “URS personnel support the complex infrastructure and support services necessary to maintain readiness for human space flight, expendable launches, and any other programmatic milestones at the Kennedy Space Center (KSC). We manage and operate the sprawling 4,200-acre KSC complex, including its 900 mission-specific facilities, 16,000 unique NASA systems and equipment, and 600 unique U.S. Air Force systems and equipment.”

Yang Enterprises, Inc. (YEI) [describes](#) itself as “a high-technology woman-owned, small disadvantaged company built on a strong culture of ethics, integrity, and a quest for providing our customers the highest level of quality in a safe, timely, and cost-effective manner.” With respect to facility operations and maintenance, YEI asserts that “YEI Systems Engineers monitor failures and conduct root cause failure analysis on critical and non critical systems. This analysis results in recommendations to modify or increase the use of technology which includes vibration analysis, oil analysis, installation of remote sensors, motor analysis, thermographic equipment, and laser alignment to reduce unexpected failures and improve the

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availability of systems and equipment.” YEI notes on its website that it has “extensive experience” in diverse areas, including “Vehicle/Equipment Maintenance.”

So about that.

According to the DoJ announcement –

In its complaint, the government describes a six-year scheme in which URS and Yang – recipients of over a billion dollars in federal government contracts – systematically defrauded the government. The complaint alleges that URS and Yang, who were responsible for overseeing a General Services Administration (GSA) fleet of approximately 400 vehicles for NASA at Kennedy Space Center, submitted more than a thousand claims for undocumented and unreasonable early replacement of car tires.

The complaint alleges that, between June 2009 and April 2015, URS and Yang submitted \$387,000 in false claims to the federal government for payment. During this time period, URS and Yang billed NASA for an unprecedented number of tire replacements, excluding ones for blowouts or catastrophic damage. For example, the government alleges that URS ordered six tire replacements for one vehicle during a 27-month period. Some of these tires had fewer than 5,000 miles of use on them. In some cases, installed tires on government vehicles appeared to have been removed and replaced by inferior tires by the time the vehicle was re-serviced. The government alleges that roughly half of the vehicle fleet for which URS and Yang were responsible had vehicles with tires that did not last 60% of their expected tire life.

Perhaps ironically, YEI was recently named Kennedy Space Center “Small Business Subcontractor of the Year” and received the Marshall Space Flight Center “Small Business Subcontractor Excellence Award.”

But all snark aside, the problem remains that repairs and/or replacement of government-owned property must be strictly controlled, so as to minimize the risk that somebody could allege unnecessary work was performed. Even a topic as prosaic as tire replacement can subject a major contractor to allegations of wrongdoing, as this story demonstrates.

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Choosing the correct subcontract type can help to mitigate risks. The trick would be to incentivize superior performance and preventive maintenance, as well as cost control, while reducing purely cost-based incentives. Having a cost-reimbursement material CLIN with minimal (or zero) fee would seem to be indicated in such circumstances.

Also a simple dashboard with key performance indicators, such as number of tires replaced per vehicle managed, or number of quarts of oil replaced per vehicle managed, or number of gallons of gas used per vehicle managed, would be a quick and relatively easy way to spot anomalies that could indicate some kind of scheme was being carried out by a subcontractor.

Tires. Simple tires. So much to learn from simple tires.